DoD Medical AND Dental Rates

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OVERVIEW

- Legislative Authority
- Reasonable Costs
- FY00 Medical and Dental Rates
- DoD vs VA
- DoD vs Civilian
- Future for DoD Rates
- Questions

LEGISLATIVE AUTHORITY

- **Title 10, United States Code, Section 1095**
  - **Right to collect from a third-party payer the reasonable costs of health care services incurred by the United States.**
- **Title 10, United States Code, Section 1078(a)**
  - **Right to collect from family members for inpatient services.**

THIRD PARTY COLLECTION PROGRAM

- **Collections are used to enhance patient care at the MTF.**
  - **MTF collections "are credited to the appropriation supporting the maintenance and operation of the facility." (Section 1095 of Title 10, United States Code, Chapter 55)**

REASONABLE COSTS

- **Rates are developed using a DoD-wide average cost to provide care**
  - **Medical Expense and Performance Reporting System (MEPRS) workload data is divided by cost data.**

For Example:

BAA - Internal Medicine Clinic
If Total Expenses = $242,123,464 and
Total Visits = 1,432,566 then
$242,123,464 / 1,432,566 = $169 average cost for clinic visit

REASONABLE COST

- **Various factors are then used to adjust and obtain final costs for determining rates.**

FY00 OUTPATIENT RATES

RATE	WORKLOAD FACTOR
Clinic Visits	Visit
Ambulance	Hour/15 min. increment
Hyperbaric	Hour/15 min. increment
Ancillary Services (External Provider)	CPT code x weight
Ambulatory Procedure Visit	Visit
Dental	ADA code x weight
Air Evac	Per Patient
Observation Services	Hourly/Daily
Pharmacy	Average DoD cost

FY00 INPATIENT RATES

RATE	WORKLOAD FACTOR
Burn Center Day	Per Inpatient
Elective Cosmetic Day	Per Inpatient
Surgery	

BURDENING FACTORS

- Defense Manpower Data Center (DMDC)
- Military and Civilian Pay Raises
- Inflation Factor
- Government Share of Unfunded Cost Civilian Retirement
- Asset Use Charge

BURDENING FACTORS

DEFENSE MANPOWER DATA CENTER (DMDC) CONVERSION FACTOR

- **Converts military medical personnel salary expenses stored in MEPRS to actual salary expenses.**
  - **MEPRS uses the Composite Standard Rate Tables to compute salary costs.**
  - **DMDC calculates the actual pay based on the base pay, allowances, additional special pay, retirement accruals, accession costs, PCS costs, and training costs.**
- **Final pay differential is distributed to bed days and outpatient visits.**

BURDENING FACTORS

INFLATION FACTOR

- **Developed from the President's Budget, Defense Health Program (referred on the example as "Deflator").**

BURDENING FACTORS

GOVERNMENT SHARE OF UNFUNDED COST CIVILIAN RETIREMENT

A factor developed by the DoD that is based on

- **Office of Management and Budget (OMB) Circular A-11 guidance for unfunded civilian retirement amount and**
- **Annual Office of Personnel Management (OPM) Financial Management Letter for unfunded portions of post-retirement health benefits and post-retirement life insurance benefits.**

BURDENING FACTORS

ASSET USE CHARGE

- **A charge developed by the DoD for the use of its assets (facilities and/or equipment) to recoup depreciation and interest on investment.**

BURDENING APPLICATIONS

Computation Worksheet for FY99:
BAA - INTERNAL MEDICINE CLINIC

Unadjusted Unit Cost			(Raw Rate)	$168.51
DMDC/MEPRS Conversion				$8.00
Total Costs to be distributed				$176.51
Adjustment Categories >>>>>	CivPay	MilPay	Other	Total
Outpatient Factors	15.00%	44.00%	41.00%	100.00%
Total FY 1997 Costs to be Distributed	$26.48	$77.66	$72.37	$176.51
FY98 Pay Raise Factor				
Civilian Pay (Note A) (2.8%)	$0.74			$0.74
Military Pay (Note A) (2.8%)		$2.17		$2.17
Subtotal	$27.22	$79.84	$72.37	$179.42
FY99 Pay Raise Factor				
Civilian Pay (Note A) (3.10%)	$0.84			$0.84
Military Pay (Note A) (3.10%		$2.47		$2.47
Subtotal	$28.06	$82.31	$72.37	$182.74
Government Share Unfunded Cost Civilian Retirement (16.7%)	$4.69			$4.69
Subtotal	$32.75	$82.31	$72.37	$187.43
Asset Use Charge (4%)	$1.31	$3.29	$2.89	$7.50
Subtotal	$34.06	$85.61	$75.26	$194.93
DoD Deflator (Note B) (4.5%)			$3.39	$3.39

BURDENING APPLICATION

CON'T

	O & M PROGRAM 8	MILITARY PERSONNEL	MISCELLANEOUS RECEIPTS
FY 1997 Civilian Pay Costs	$26.48		
FY 1998 Civilian Pay Raise	$0.74		
FY 1999 Civilian Pay Raise	$0.84		
FY 1997 Military Pay Costs		$77.66	
FY 1998 Military Pay Raise		$2.17	
FY 1999 Military Pay Raise		$2.47	
FY 1997 Other Costs	$72.37		
FY 1997/9 Deflator (Note B)	$3.39		
Gov't Share of Unfunded Civilian Retirement (16.7%)			$4.69
ASSET USE CHARGE			
Civilian Pay			$1.31
Military Pay			$3.29
Other			$2.89
TOTAL	$103.82	$82.31	$12.18

	FY 1999 REIMBURSABLE RATES			
	FULL COST	INTERAGENCY	IMET	TPC
O & M Program 8	$198.00	$186.00	$104.00	$198.00

BURDENING APPLICATIONS

Notes:

(A) PAY RAISES

Civilian

FY 98 -- 100% of FY 1998 civilian pay raise of 2.80% is to be included. Use 2.80%
FY 99 -- 100% of FY 1999 civilian pay raise of 3.10% is to be included. Use 3.10%

Military

FY 98 -- 100% of FY 1998 civilian pay raise of 2.80% is to be included. Use 2.80%
FY 99 -- 100% of FY 1999 civilian pay raise of 3.10% is to be included. Use 3.10%

(B) SOURCES

FY 99 President's Budget, Defense Health Program, exhibit OP-32.
FY 97/99 Net Price Growth ($179,417) divided by Net FY97 Funded Program ($3,976,487) excluding CHAMPUS and CIV PAY equals inflation factor of 4.51%. Use 4.51%.

FY00 INPATIENT RATES

- **All Other Inpatient Stays billed based on Diagnosis Related Groups (DRGs).**

FY00 INPATIENT RATES

Adjusted Standardized Amounts (ASAs)

- **Specific MTF costs, workload, and regional variations are incorporated to calculate each ASA rate for:**
  - **CONUS MTF in Large Urban Areas**
  - **CONUS MTF in Other Urban/Rural**
  - **Overseas**

FY00 INPATIENT RATES

Adjusted Standardized Amounts (ASAs) (continued)

- **The development of ASAs follows procedures comparable to those applied by the Health Care Financing Administration (HCFA) for Medicare ASAs and**
- **the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for their Prospective Payment System (PPS)**

FY00 INPATIENT RATES

Adjusted Standardized Amounts (ASAs) (continued)

- **Relative Weighted Product (RWP) is a workload measure based on the CHAMPUS DRG assigned to an inpatient record and represents the resource consumption of an inpatient stay relative to that of the average patient.**
- **ASA rates are based on average costs per RWP for all MTFs within a given MSA group (Large U**

FY00 INPATIENT RATES

Adjusted Standardized Amounts (ASAs) (continued)

- **ASA rate is multiplied by the DRG relative cost weight to determine payment for a given hospital stay.**
- **Further payment adjustments are made to account for length of stay or cost outliers for patients whose length of stay or treatment expense is unusually high or low for the patient's DRG.**

PATIENT CATEGORY DETERMINES RATE

- **International Military Education and Training (IMET)**
  - **O&M Program 8 costs**
- **Interagency and other Federal Agency sponsored Patients (IAR)**
  - **Military Personnel and O&M Program 8 costs**
- **Other (Full/Third Party)**
  - **Military Personnel, Miscellaneous Receipts and O&M Program 8 costs**

INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

	O & M PROGRAM 8	
FY 1997 Civilian Pay Costs	$26.48	
FY 1998 Civilian Pay Raise	$0.74	
FY 1999 Civilian Pay Raise	$0.84	
FY 1997 Military Pay Costs		
FY 1998 Military Pay Raise		
FY 1999 Military Pay Raise		
FY 1997 Other Costs		$72.37
FY 1997/9 Deflator (Note B)		$3.39
Gov't Share of Unfunded Civilian Retirement (16.7%)		
ASSET USE CHARGE		
Civilian Pay		
Military Pay		
Other		
TOTAL	$103.82	

INTERAGENCY AND OTHER FEDERALLY SPONSORED PATIENTS (IAR)

	O & M PROGRAM 8	MILITARY PERSONNEL
FY 1997 Civilian Pay Costs	$26.48	
FY 1998 Civilian Pay Raise	$0.74	
FY 1999 Civilian Pay Raise	$0.84	
FY 1997 Military Pay Costs		$77.66
FY 1998 Military Pay Raise		$2.17
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OTHER (FULL/THIRD PARTY)

	O & M PROGRAM 8	MILITARY PERSONNEL	MISCELLANEOUS RECEIPTS
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NEW RATES BEING DISCUSSED

- **Separate APV rate for certain clinics**
- **Trauma**
- **Dialysis**
- **Chemotherapy**
- **Helicopter transport**
- **Pharmacy**

NEW RATE PROCESS

- **Identify and validate need either by MTF, Service or industry standard.**
- **Write issue paper and submit through Service channels.**
- **Service channels submit issue paper to MEPRS Work Group.**
- **If approved, a MEPRS work center is established and MTFs begin capturing workload and expense data.**
- **Two years later establish rate (based on one year of expense and workload data).**

NEW HORIZON - DEPT. OF VA INITIATIVE

- **Implemented Charge Master March 99 based on reasonable charges**
  - Defined reasonable charges as provider charges in the market of VA facilities.
  - Developed rates based on the lower of 80% of chargeable rate (market rate) or insurance usual and customary rate.
  - Applied geographic adjustment for final rate.

FUTURE FOR DoD

- **Legislation for FY00 to bill based on reasonable charges (instead of reasonable costs)**
  - **Potential methodology - CHAMPUS Maximum Allowable Charges (CMAC) rates**
  - **Patient Level Cost Accounting/itemize by CPTs**
- **The Future for Rates**
  - **Two rate packages**
    - **Rate Package based on CMAC (or other methodology) rates**
    - **Additional rate package with IAR, IMET and Full rates. (There will still be a need to collect workload and expenses in the Expense Assignment System (EAS)**

MOVE TOWARD CIVILIAN PRACTICES

- **Outpatient**
  - **Patient Level Cost Accounting**
  - **Itemized bill based on a patient's services/treatment**
    - **Ambulatory Payment Classification (APCs)/Ambulatory Patient Group (APGs)**
    - **CPT code for office visit, ancillary, supplies, etc.**
- **Inpatient**
  - **DRG**

PUBLICATIONS OF RATES

- **TPC and MSA - FY00 Medical and Dental Reimbursement Rates - Comptroller Web page:**

  http://www.dtic.mil/comptroller/rates/

  - Inpatient (CHCS) loaded by the MTF
  - Outpatient has to be put into TPOCS before MTFs can download
- **MAC - Tortiously Liable Rates published in the Federal Register**

QUESTIONS ?